
Press release

AFME comments on publication of prudential and resolution proposals

23 November 2016

Commenting on the publication today by the European Commission of the package of proposals including the fifth Capital Requirements Directive (CRD V)/second Capital Requirements Regulation (CRR II) and Total Loss Absorbing Capacity (TLAC)/ minimum requirement for own funds and eligible liabilities (MREL), Michael Lever, Head of Prudential Regulation at AFME, said:

“AFME welcomes the publication of the Commission’s proposals today as another significant piece of the global financial reform programme in Europe.

“The CRD V/CRR II has already greatly reduced the likelihood that banks will fail by increasing significantly the quantity and quality of capital they hold and by making them less leveraged and more liquid. The present CRD V/CRR II package builds on what has been achieved so far, introducing a binding stable funding and leverage ratio requirement. AFME supports the implementation of these requirements in the EU in a manner that will enable the sector to support economic growth and the development of the Capital Markets Union, as we communicated to the Commission in its call for evidence.

“We also welcome the proposed implementation of TLAC in the EU, together with revisions to the Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRMR) to increase alignment of European MREL requirements with global standards. Following substantial progress, these parts of the package represent the final steps in establishing an effective recovery and resolution framework. While the CRD V/CRR II significantly reduces the likelihood banks will fail, the TLAC/BRRD/SRMR package ensures that authorities have the tools to deal effectively with banks should they fail. In practice, this means that banks can be resolved in an orderly manner while continuing to carry out functions that are critical to the economy and financial stability, and importantly without taxpayers footing the bill. AFME continues to be very supportive of this objective.

“We look forward to reviewing the proposals and engaging with the co-legislators over the coming months to ensure that the EU has a financial stability framework in place that achieves the most appropriate balance between a robust, resilient and resolvable financial sector and a vibrant, growing economy.”

– Ends –

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About AFME:

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants.

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu.

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